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| APPLICATION NO. | FILING DATE | FIRST NAMED INVENTOR | ATTORNEY DOCKET NO. | CONFIRMATION NO. |
| 10/578,832 | 05/10/2006 | Wilhemus Franciscus Verhaegh | BA1525-266/08278 | 3777 |
| 24118 | 7590 | 01/07/2009 | | |
| HEAD, JOHNSON & KACHIGIAN | | | EXAMINER | |
| 228 W 17TH PLACE | | | MARANDI, JAMES R | |
| TULSA, OK 74119 | | | ART UNIT | PAPER NUMBER |
| | | | 2421 | |
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Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

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|------------------------------|--------------------------------------|--|
| Office Action Summary | Application No. 10/578,832 | Applicant(s) VERHAEGH ET AL. |
| | Examiner JAMES R. MARANDI | Art Unit 2421 |

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If no period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED. (35 U.S.C. § 133).

Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1) Responsive to communication(s) filed on 01 October 2008.

2a) This action is FINAL. 2b) This action is non-final.

3) Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4) Claim(s) 1-5 and 7-23 is/are pending in the application.

4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5) Claim(s) _____ is/are allowed.

6) Claim(s) 1-5, and 7-23 is/are rejected.

7) Claim(s) _____ is/are objected to.

8) Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9) The specification is objected to by the Examiner.

10) The drawing(s) filed on _____ is/are: a) accepted or b) objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11) The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a) All b) Some * c) None of:

1. Certified copies of the priority documents have been received.
2. Certified copies of the priority documents have been received in Application No. _____.
3. Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) Notice of References Cited (PTO-892)

2) Notice of Draftsperson's Patent Drawing Review (PTO-948)

3) Information Disclosure Statement(s) (PTO/146/08)
Paper No(s)/Mail Date _____

4) Interview Summary (PTO-413)
Paper No(s)/Mail Date _____

5) Notice of Informal Patent Application

6) Other: _____

DETAILED ACTION

Response to Amendment

1. This action is in response to applicant's amendment filed on 10/1/2008. Claims 1-5, and 7-23 are presently pending. Claim 6 has been cancelled.

Applicant's corrections to the specification, as per office action of 4/1/2008, are acceptable and so entered.

Response to Amendment

2. Applicant's arguments with respect to claims 1-5, and 7-23 have been considered but are moot in view of the new ground(s) of rejection.

Claim Rejections - 35 USC § 101

3. Claims 1-5, and 7-12 are rejected under 35 U.S.C. 101 as not falling within one of the four statutory categories of invention. While the claims recite a series of steps or acts to be performed, a statutory "process" under 35 U.S.C. 101 must (1) be tied to another statutory category (such as a particular apparatus), or (2) transform

underlying subject matter (such as an article or material) to a different state or thing (Reference the May 15, 2008 memorandum issued by Deputy Commissioner for Patent Examining Policy, John J. Love, titled "Clarification of 'Processes' under 35 U.S.C. 101"). The instant claims neither transform underlying subject matter nor positively tie to another statutory category that accomplishes the claimed method steps, and therefore do not qualify as a statutory process.

Claim Rejections - 35 USC § 103

4. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:
 - (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.
5. Claims 1-5, and 7-23 are rejected under 35 U.S.C. 103(a) as being unpatentable over D.J. Zigmond, WO 99/66719 (hereinafter "Zigmond") in view of A.A. Rodriguez et al., USPGPUB 2003/0154475 (hereinafter "Rodriguez").

Regarding claim 1, Zigmond discloses: **method for inserting** (Figure 4, element 60) **replacement commercials (7-10)** (Figure 4, element 64) **into a data stream (100)** (Figure 4, element 52), **the data stream having program (A, B, C) and commercial portions (1, 2)** (Figure 4, element 52), **the method comprising:**

detecting one or more of the commercial portions of the data stream;

replacing the detected one or more commercial portions with either more or less of the replacement commercial portions (Figures 3, and 4; Page 11, lines 7-30; Page 12, lines1-6) ; and

wherein the step of replacing comprises one or more preferences of the a user (ad selection and insertion criteria is based on preference and viewing habits of the user, page 18, lines 23-31)

Zigmond does not disclose **said preferences are used to determine the position, frequency and length of the replacement commercial portions in the data stream.**

However, Rodriguez, in analogous art, discloses assigning a value to advertisements based on frequency and/or duration of advertisements (¶ [19]). The viewer is afforded a series of menus (¶ [25]-[27], selection screens, Figs. 4-8, ¶ [47]-[52]), to incorporate user preferences whereby **said preferences are used to determine the position, frequency and length of the replacement**

commercial portions in the data stream.

Therefore, it would have been obvious to one of ordinary skill in the art, at the time of invention, to modify the system of Zigmond with Rodriguez's invention in order to afford the viewer a direct choice over the type of advertising viewed.

Regarding claim 2, **further comprising storing the commercial portions in the data stream subsequent to the detecting.** (Zigmond Fig. 5, element 86; Page 21, lines 23-31; Page 22, lines 1-8)

Regarding claim 3, Zigmond discloses **wherein the replacing comprises selecting the replacement commercial portions from at least one of the stored commercial** (Fig. 5, element 86) **portions from the data stream and other commercial portions from an external source (422)** (Fig. 5, "Ad Delivery" and/or "Programming Delivery"). (Fig. 5, elements 83, 86, 88, and 90)

Regarding claim 4, **further comprising storing the other commercial portions from the external source.** (Zigmond Fig. 5, element 86; Page 21, lines 23-31; Page 22, lines 1-8)

Regarding claim 5, **further comprising detecting one or more of the program**

portions of the data stream and storing the one or more detected program portions, Zigmond's disclosure is explicit in its awareness and detection of various programs and commercials (Ads). On Page 23, lines 20-27, Zigmond further offers Ad insertion without regard to the position of the conventional advertising slot, therefore stopping the program stream at will, presenting the Ad, and then restarting the normal flow of the program. During the program stoppage (pause) the program stream must be stored to enable its restart and to ensure no loss in the continuity of the program therefore fully meeting the limitation of claim 5.

Regarding claim 7, **wherein the indicating is a manual indication by the user.** (Zigmond Page 13, lines 7-14)

Regarding claim 8, **wherein the indicating is an automatic indication from a recommendation system that forms a user profile, the user profile indicating viewing preferences of the user.** (Zigmond Fig. 5, elements 82, 83, 86, and 88; Page 15, lines 8-18)

Regarding claim 9, **wherein the one or more preferences of the user include preferred replacement commercial portions.** (Zigmond Page 19, lines 14-19)

Regarding claim 10, **further comprising outputting an output data stream**

(400) having the program portions and the replacement commercial portions. (Zigmond Fig. 5, element 58)

Regarding claim 11, **wherein the replacement commercial portions are more than the detected commercial portions, the method further comprising dividing at least one of the program portions into sub-portions (A.sub.1, A.sub.2, B.sub.1, B.sub.2) having at least one of the replacement commercial portions there between.** Zigmond disclosure, as reflected in Figure 5 and flow chart of Figure 6 (also page 23, lines 20-21), allows for insertion of commercials at any point in the program stream. This necessitates breaking up the program stream into as many segments as there are commercials to be inserted, Therefore fully meeting the limitation of claim 11.

Regarding claim 12, **wherein the replacement commercial portions are less than the detected commercial portions, the method further comprising combining at least two of the program portions into a larger program portion.** (Rejected by the same analysis as claim 11)

6. Claims 13- 21, a device effectuating the method of claims 1-5 and 7-12, are hereby rejected by the same analysis.

7. Clime 22, a computer program product effectuating the method of claims 1-5 and 7-12, is hereby rejected by the same analysis.

8. Claim 23, **wherein a program storage device readable by machine, tangibly embodying a program of instructions executable by the machine performs the method steps for inserting replacement commercials (7-10) into a data stream,** is hereby rejected by the same analysis as the method claim 1-5, and 7-12; also see Fig.5.

Contacts

Any inquiry concerning this communication or earlier communications from the examiner should be directed to JAMES R. MARANDI whose telephone number is (571)270-1843. The examiner can normally be reached on 8:00 AM- 5:00 PM M-F, EST.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, John W. Miller can be reached on (571) 272-7353. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/James R. Marandi/
Examiner, Art Unit 2421

/John W. Miller/
Supervisory Patent Examiner, Art Unit 2421